

VZCZCXRO3727
OO RUEHAG RUEHBC RUEHDE RUEHDIR RUEHKUK RUEHROV
DE RUEHFR #1305/01 1921256
ZNY CCCCC ZZH
O 101256Z JUL 08
FM AMEMBASSY PARIS
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3696
INFO RUCNMEM/EU MEMBER STATES IMMEDIATE
RUCNIRA/IRAN COLLECTIVE IMMEDIATE
RUEATRS/DEPARTMENT OF TREASURY WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 001305

SIPDIS

FOR ISN, T, TREASURY, IO, INR, EUR/WE, AND NEA

E.O. 12958: DECL: 07/09/2018
TAGS: [PREL](#) [EUN](#) [ETTC](#) [PARM](#) [PINR](#) [KNNP](#) [IR](#) [FR](#)
SUBJECT: STRONG FRENCH SUPPORT FOR ADDITIONAL EU SANCTIONS
AGAINST IRAN

REF: PARIS 1291

Classified By: ECONOMIC MINISTER COUNSELOR SETH WINNICK FOR REASONS 1.4
(B) AND (D)

¶1. (C) Summary: The Government of France (GOF) is pressing EU counterparts to adopt a "Common Position" that transposes UNSCR 1803 in a forward-leaning way, including tougher measures on export credits, dual use exports, financial due diligence, and cargo inspections. The French hope this policy will be adopted at the July 22 GAERC, since Germany, Britain, Italy, and Poland are on board, but some of the smaller member states are currently undecided or opposed. The GOF would welcome U.S. support in persuading its EU partners of the merits of a robust interpretation of UNSCR 1803. End summary.

¶2. (C) On July 3, a French official in the MFA's Bureau of Disarmament and Nuclear Nonproliferation, described to Emboff French efforts to transpose UNSCR 1803 into an additional set of harsh EU sanctions against Iran. On July 8, he also provided a copy of the draft EU Common Position (please protect), which he said is strongly supported by France, the UK, Germany, Italy, and Poland. He noted that the French Embassy in Teheran has reported that the Iranians were surprised and thrown off balance by the EU sanction against Bank Melli, and the GOF wishes to maintain the current momentum by continuing, and even increasing, the financial pressure on Iran. The GOF's strong preference is to have the regulation approved during the next GAERC, on 22 July, as the alternative is to wait until the GAERC in September. While the major powers in the EU support the draft legislation, some of the smaller EU member states are currently undecided or opposed to it. Reportedly Spain and the Czech Republic are on the fence, and Luxembourg and the Netherlands have concerns about the proposed measures on financial vigilance. Austria, Cyprus, Greece, Malta and Portugal are all opposed to any measures that go beyond a strict interpretation of UNSCR 1803. The UK is currently lobbying Greece, Spain, and Sweden. The GOF's own ability to lobby for tougher sanctions on Iran is hampered by the fact that, as EU President, France is expected to assume the role of an impartial mediator in internal EU negotiations. The official said that the GOF would welcome any US effort to persuade reluctant EU member states to engage in a robust implementation of UNSCR 1803, but asked that we not disclose our knowledge of the specifics of the draft document or the fact that France has solicited our assistance.

¶3. (C) The four elements of the draft legislation are as follows:

A) Overall Reduction of Export Credits and Financial Assistance: In order to increase pressure on the Iranian economy generally, as opposed to merely targeting the nuclear program, the measure aims to reduce the overall number of

export credits, guarantees, and insurance provided to Iranian entities by the EU. It would also prohibit any type of financial assistance to the Government of Iran other than for humanitarian or developmental purposes.

B) Embargo of Dual Use Items: The EU currently requires authorization for the export of items on the EU Iran Dual Use list. If, however, this measure is adopted, the items on the list would be embargoed.

C) Financial Vigilance: The draft document stipulates that EU financial institutions would be obliged to be more vigilant in their dealings not only with all banks domiciled in Iran, and in particular Bank Saderat, but also with their subsidiaries located outside Iran and the EU. Increased vigilance would include conducting customer due diligence equivalent to that applicable in cases of suspected money-laundering or terrorist financing, full disclosure of the originator and beneficiary for each transaction, and maintenance of all records of relevant transactions for a period of five years. As a catch-all measure, EU financial institutions would also be asked to promptly report to the EU Financial Intelligence Unit any suspicion that a transaction was related to proliferation financing. Finally, all branches of Bank Saderat and subsidiaries located in the EU would be required to report any transfer of funds to the relevant authority within five days.

D) Strict Oversight of Shipments: The measure envisions both targeted and random searches of cargo to and from Iran via either Iran Air or the Islamic Republic Iran Shipping Line (IRISL), and requires that the results and circumstances

PARIS 00001305 002 OF 002

of the searches be reported to the UNSC within five days. Iran Air and IRISL would also be required to complete additional pre-arrival and pre-departure information for all cargo brought in or out of the EU. Please visit Paris' Classified Website at:
<http://www.intelink.sgov.gov/wiki/Portal:France>

STAPLETON